Replicating intergenerational longevity risk sharing in collective defined contribution pension plans using financial markets

Titre	Replicating intergenerational longevity risk sharing in collective defined contribution pension plans using financial markets
Type de publication	Article de revue
Auteur	Kurtbegu, Enareta [1]
Editeur	Elsevier
Type	Article scientifique dans une revue à comité de lecture
Année	2018
Langue	Anglais
Date	Janvier 2018
Pagination	286-300
Volume	78
Section	H55 J26
Titre de la revue	Insurance: Mathematics and Economics
ISSN	0167-6687
Mots-clés	collective defined contribution [2], defined benefits [3], defined contribution [4], Individual investment [5], Intergeneration risk-sharing [6], Longevity [7], Pension plans [8]
Résumé en anglais	Intergenerational risk sharing is often seen as a strong point of the Dutch pension system. The ability to absorb financial and actuarial shocks through the funding ratio allows for the smoothing of returns over generations. Nevertheless, it implicitly means that generations subsidize each other, which has its disadvantages, especially in the light of incomplete contracts and situations of hard regulation constraints. This paper highlights the advantages of intergenerational risk sharing as a main characteristic in certain collective pension plans, investigating if and how much of this can be replicated by individual participation in the market. Using a stylized model based on different pension plans such as “hard”/“soft” defined benefit, collective/“pure” defined contribution, this paper identifies the effects of an increase in life-expectancy as one of the most important actual demographic shocks. The existence of regulatory constraints modifies agents’ behavior so that they tend to choose individual investment to ensure their retirement savings. In the absence of regulatory constraints, individual investment under-performs and highly replicates pension fund performance. Thus, choosing collective participation is more rational. Moreover, as the effect of the shock is decomposed, a discussion of the absorption heterogeneity by different plans is presented.
URL de la notice	http://okina.univ-angers.fr/publications/ua16872 [9]
DOI	10.1016/j.insmatheco.2017.09.010 [10]

Lien vers le document	https://www.sciencedirect.com/science/article/pii/S0167668717304481?via%... [11]

Liens
[1] http://okina.univ-angers.fr/user/7456/publications
[2] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=24413
[3] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=24414
[4] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=24415
[5] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=24411
[6] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=24412
[7] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=11848
[8] http://okina.univ-angers.fr/publications?f%5Bkeyword%5D=24410
[9] http://okina.univ-angers.fr/publications/ua16872
[10] http://dx.doi.org/10.1016/j.insmatheco.2017.09.010
[11] https://www.sciencedirect.com/science/article/pii/S0167668717304481?via%3Dihub